

TO: Members of the House Commerce Committee

FROM: Amy Shaw, Director of Education and Employment Relations

DATE: October 11, 2005

RE: House Concurrent Resolution 19 & Regulatory Reform

Good morning, Mr. Chair, and committee members. Thank you for allowing me to share some brief comments with regard to the effort that you are setting in motion today to seek out and eliminate regulations that needlessly diminish our state's business competitiveness.

First of all, let me say that we applaud what you are seeking to do. This is an enormous undertaking but one that MMA believes to be both timely and essential. We are grateful for the time and attention that has been devoted to restructuring our tax system to make Michigan more competitive. But as you all know, taxes are only a part of the competitiveness equation. An important part, to be sure, but rewriting the tax code is not enough. A recent study of the National Association of Manufacturers shows external overhead costs, including corporate tax rates, health care costs, tort litigation and excessive government regulation add 22 percent to the cost of an American manufactured product. In Michigan, it's even higher, with manufacturers in this state facing some of the highest corporate taxes and regulatory burdens in the country. If you are serious about improving Michigan's ability to compete with other states and other countries (and we believe that you are) both the tax burden and the regulatory burden must be addressed. One without the other will not allow Michigan to become the economic powerhouse that we are all striving for it to be.

MMA strongly supports the adoption of House Resolution 19 because we believe that it sends a message to everyone involved in the regulatory process, and that message is clear: that you intend to block any efforts to impose regulations that threaten our state's competitiveness, starting with the proposed ergonomic standard.

The proposed Michigan-specific ergonomic standard is a prime example of the type of rules this resolution could and should block. Let me just say for the record that MMA supports ergonomics. If done right, ergonomics can help save workers from pain and injury which can also save employers money. What we don't support is *forcing*, rather than *encouraging* employers to implement ergonomic programs. MMA reluctantly agreed to sit on the advisory committee that was created to write the standard, not because we supported the effort, but as an affected party. We have continuously urged the committee to use their collective knowledge and resources to promote the benefits of ergonomics and provide educational resources to help employers to implement programs that will work for their company. A carrot approach, providing education and information, would be a much more effective way to infuse ergonomics into the employment sector, rather than the current "stick" approach of forced mandatory control. Our urging, however, has gone unheeded, and the promulgation process continues.

The opposition of employers to the proposed ergonomic standard is due, in part, to frustration over having yet another regulation heaped upon all of the others that they must already comply with. But it is the significant cost of the standard being proposed that they object to most, especially since they are already struggling just to keep their heads above water.

As currently written, the proposed standard would require that all employers provide ergonomic awareness training for all employees, conduct a company-wide exposure assessment, and develop a risk reduction process. In terms of dollars and sense, the cost of the education component alone would be staggering, over \$10 million, just for the initial training—and that's just for manufacturers. The ergonomic rule would apply to all employers. There are ongoing training requirements as well. And the cost of training would be dwarfed by the cost of accommodating employees to control or reduce ergonomic hazards, based at least in part on employee reports of pain or discomfort—neither of which can be accurately measured.

Ergonomics is a complicated issue. It's not an exact science. Accommodation can be a costly guessing game. And while resolution of pain may not ultimately be possible for every employee, it may cost employers dearly to find that out.

MMA members recognize the importance of protecting their workers through sound safety and health programs, including ergonomic programs. Many have already implemented ergonomic programs voluntarily – not because OSHA or MIOSHA said they had to, but because it makes good business sense. They have implemented the programs that work for their industry segment, for their employees, and within the constraints of their budget. They can't afford the inherent costs in the proposed open-ended standard. And the State of Michigan can't afford to drive any employers to other states that don't impose the same burden.

MMA stands ready to support this committee in whatever way we possibly can to help roll back the regulatory burden in Michigan – starting with the proposed ergonomic standard. We will be testifying at future hearings with specifics on how we believe the regulatory review process could be improved and about regulations that we believe should be eliminated to improve our global competitiveness and, ultimately, our ability to retain and attract businesses and keep and grow jobs.

Thank-you, once again, for the opportunity to share these comments on behalf of the Michigan Manufacturers Association and the almost 3000 members the Association represents across the state.